



California Board of Accountancy
 2450 Venture Oaks Way, Suite 300
 Sacramento, CA 95833

phone: (916) 263-3680 *fax:* (916) 263-3675 *web:* www.cba.ca.gov



**DEPARTMENT OF CONSUMER AFFAIRS (DCA)
 CALIFORNIA BOARD OF ACCOUNTANCY (CBA)**

**MINUTES OF THE
 May 17, 2018
 CBA MEETING**

**California Board of Accountancy
 2450 Venture Oaks Way, Suite 420
 Sacramento, CA 95833
 Telephone: (916) 263-3680**

Roll Call and Call to Order.

California Board of Accountancy (CBA) President Michael M. Savoy, CPA, called the meeting to order at 9:46 a.m. on Thursday, May 17, 2018 at the California Board of Accountancy. The CBA recessed at 11:46 a.m. for lunch. The CBA reconvened from 1:00 p.m. until 2:00 p.m. The CBA convened into closed session at 2:00 p.m. until 2:38 p.m. The CBA reconvened into open session from 2:40 p.m. until 4:22 p.m. The CBA reconvened into closed session from 4:22 p.m. until 4:58 p.m. President Savoy adjourned the meeting at 4:59 p.m.

CBA Members

Michal M. Savoy, CPA, President
 George Famalett, CPA, Vice-President
 Mark Silverman, Esq. Secretary/Treasurer
 Alicia Berhow
 Jose A. Campos, CPA
 Karriann Farrell Hinds, Esq.
 Dan Jacobson, Esq.
 Xochitl León
 Luz Molina Lopez
 Carola Nicholson, CPA
 Jian Ou-Yang, CPA

May 17, 2018

9:46 a.m. to 4:59 p.m.
 9:46 a.m. to 4:59 p.m.
 9:46 a.m. to 4:59 p.m.
 Absent
 9:46 a.m. to 4:59 p.m.
 9:46 a.m. to 4:59 p.m.
 9:46 a.m. to 4:59 p.m.
 9:46 a.m. to 4:59 p.m.
 9:46 a.m. to 4:59 p.m.
 9:46 a.m. to 4:59 p.m.
 Absent

Sunny Youngsun Park, Esq.
Deidre Robinson
Katrina L. Salazar, CPA
Kathleen Wright, CPA

10:16 a.m. to 4:59 p.m.
9:46 a.m. to 4:59 p.m.
9:46 a.m. to 4:59 p.m.
9:46 a.m. to 4:59 p.m.

Staff and Legal Counsel

Patti Bowers, Executive Officer
Deanne Pearce, Assistant Executive Officer
Karen Nelson, Assistant Deputy Director, Office of Board and Bureau Services
Christy Abate, Administrative Manager
Rich Andres, Information Technology Staff
Aaron Bone, Information and Planning Officer
Ileana Butu, Legal Counsel, DCA
Angela Contreras, Executive Office Assistant
Dominic Franzella, Chief, Enforcement Division
Dave Hansen, Systems Administrator
Alegra Keith, Executive Secretary
Nooshin Movassaghi, Legislative Analyst
Kari O'Connor, Enforcement Manager
Dorothy Osgood, Supervising Investigative CPA
Jason Piccione, DCA Deputy Director, Office of Information Services
Nicole Rauzi, Enforcement Analyst
Ben Simcox, CPA, Deputy Chief, Enforcement Division
Rebecca Reed, Board Relations Analyst
Gina Sanchez, Chief, Licensing Division
Carl Sonne, Deputy Attorney General, Department of Justice

Committee Chairs and Members

Joseph Rosenbaum, CPA, Chair, Enforcement Advisory Committee (EAC)
Jeffrey De Lyser, CPA, Chair, Peer Review Oversight Committee (PROC)

Other Participants

Dean Andal, The Accounting Coalition
Dena Coggins, Administrative Law Judge, Office of Administrative Hearings
Jason Fox, California Society of CPAs (CalCPA)
Pilar Oñate-Quintana, The Oñate Group
Jon Ross, KP Public Affairs

I. Report of the President.

- A. Resolution for Retiring Qualifications Committee Member
Casandra Moore-Hudnall, CPA.

It was moved by Ms. Salazar and seconded by Mr. Campos to approve the resolution for Ms. Moore-Hudnall.

Yes: Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: Ms. Berhow, Mr. Ou-Yang, and Ms. Park.

- B. American Institute of Certified Public Accountants Committee Interest for the 2019-20 Volunteer Year.

President Savoy stated that members interested in serving on an American Institute of Certified Public Accountants (AICPA) committee should submit an application by the deadline.

- C. Discussion and Review of Proposed Responses for the 2018 Sunset Review Report.

There was no report on this agenda item. This item was deferred to the July 2018 CBA meeting.

- D. Developments Since the February 2015 United States Supreme Court Decision: North Carolina State Board of Dental Examiners v. Federal Trade Commission.

There was no report on this agenda item.

- E. Department of Consumer Affairs Director's Report on Departmental Activities.

Karen Nelson, Assistant Deputy Director, Office of Board and Bureau Services, reported that DCA held its Director's Quarterly meeting on April 30, 2018, which included board executive officers as well as chiefs. She stated that they discussed a number of items facing DCA, including the executive officer salary study, pro rata, and new DCA procedures and policies. She stated that at the meeting, Director Dean Grafilo shared his intent with executive officers and bureau chiefs to host regular calls with board and bureau leadership. She stated that the next Director's Quarterly meeting will be held July 30, 2018.

Ms. Nelson stated that DCA held a Licensing and Enforcement Workgroup meeting in April. She stated that during this meeting, the workgroups began to identify business processes that will strengthen DCA boards and bureaus in the areas of licensing and enforcement. She stated that DCA will continue to conduct these workgroup meetings to enhance processes within the areas of licensing and enforcement and establish some best practices.

II. Report of the Vice-President.

A. Recommendations for Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee.

It was moved by Mr. Campos and seconded by Ms. León to appoint José Palma, CPA, to the Enforcement Advisory Committee.

Yes: Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: Ms. Berhow, Mr. Ou-Yang, and Ms. Park.

It was moved by Mr. Silverman and seconded by Ms. Salazar to reappoint Joseph R. Rosenbaum, CPA, to the Enforcement Advisory Committee.

Yes: Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: Ms. Berhow, Mr. Ou-Yang, and Ms. Park.

B. Recommendations for Appointment(s)/Reappointment(s) to the Qualifications Committee.

It was moved by Ms. Salazar and seconded by Ms. Robinson to reappoint Mehrnaz “Nasi” Raissian, CPA, to the Qualifications Committee.

Yes: Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: Ms. Berhow, Mr. Ou-Yang, and Ms. Park.

It was moved by Mr. Campos and seconded by Ms. Hinds to reappoint Kimberly Sugiyama, CPA, to the Qualifications Committee.

Yes: Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: Ms. Berhow, Mr. Ou-Yang, and Ms. Park.

- C. Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee.

There was no report on this agenda item.

III. Report of the Secretary/Treasurer.

A. Fiscal Year 2017-18 Financial Report.

Mr. Silverman stated that staff, in conjunction with DCA Budget Office, have been working to navigate the new reporting format provided through FI\$Cal, the statewide accounting system.

Ms. Pearce stated that included in the report are the third quarter financial statement and year-end projections. She stated that staff also provided information for the current fiscal year and the last fiscal year, for comparison.

Ms. Pearce stated that the CBA is projected to have a surplus of approximately \$100K for this fiscal year. She stated that this amount was less than prior years, but was reflective of the additional enforcement activity that has occurred. She stated that the \$100K surplus may change as we move closer to the end of the fiscal year, but provides a cushion for any additional expenditures that may not have been captured.

Ms. Pearce stated that the report shows line items where it appears we have overspent. She stated that the CBA has flexibility throughout its budget, so an over expenditure on one line item can be addressed via underspending in another line item. She stated that staff have identified trends in spending for various line items and are working with DCA budget staff to adjust the budget stone to ensure it reflects a more accurate number. She stated that changes to the budget stone would be reflected on next fiscal year's budget report.

Ms. Pearce stated that under temporary help, the budget shows a high expenditure, which has been consistent in prior years. She stated that

temporary help staff serve in all areas of the CBA in various capacities and are an important resource. She stated that staff are working with DCA to determine if permanent resources can be requested to address the ongoing workload.

Ms. Pearce stated that printing and postage costs remain elevated and the production of the UPDATE publication is a major factor in those costs.

Ms. Pearce stated that enforcement costs continue to increase and that the CBA was successful in obtaining a mid-year budget augmentation for its Attorney General's Office expenditures. She stated that the CBA's funding for enforcement has not changed much in the prior few years. She stated that during years where enforcement expenditures have been low, the excess funds have been used to cover other areas of the CBA's budget.

Ms. Pearce stated that as expenditures continue to increase, the CBA will be working with DCA to secure increased funding in the necessary line items in future years.

Ms. Wright inquired if the first item on the fund condition statement was carryover from the previous fiscal year.

Ms. Pearce stated that she will get clarification on what that figure is, but it is not carryover from the previous fiscal year.

Ms. Salazar inquired if staff are seeking to increase the budget. If so, would an increase come from the Accountancy Fund?

Ms. Pearce stated that for the current fiscal year, the CBA received an increase in the budget for this fiscal year for the Attorney General's augmentation and there would not be another increase this fiscal year.

Ms. Pearce stated that staff begin work on Budget Change Proposals (BCP) at the beginning of every year. She stated that the BCPs, if approved, would not be approved for the current fiscal year, but fiscal year 2019-20.

Ms. Wright inquired if the licensing fee increase went through.

Ms. Pearce stated that it is anticipated that there will be public hearing regarding the fee increase in September.

Mr. Campos inquired if the CBA has flexibility on what is included on the authorized positions and position allocation charts. If so, can staff include enforcement items?

Ms. Pearce stated that staff does have flexibility and moving forward staff will include enforcement items in the charts.

IV. Report of the Executive Officer.

A. Update on Staffing.

Ms. Bowers stated that Pat Billingsley, the CBA Regulatory Analyst, retired and his last day with the CBA was on May 10, 2018.

B. Update on Project to Accept Credit Card Payment for License Renewal.

Dave Hansen, CBA Systems Administrator, stated that the CBA is in the third phase of DCA's Business Modernization Initiative, which will be an extensive project to update the CBA's databases and allow for online transactions including applying online and the acceptance of credit cards. He stated that the completion of this initiative is still a few years away. Until then DCA is proposing an Interim Credit Card Acceptance Portal (ICCAP).

Mr. Hansen stated that the CBA will be one of the first boards or bureaus to pilot this portal, which is currently scheduled for implementation in November 2018. He stated that the interim solution will allow most licensees to pay with a credit card for their license renewal.

Mr. Hansen stated that from the CBA website, the licensee will log into the ICCAP system where they will be prompted to answer a set of prequalifying questions and enter identifying information. He stated that once the information is validated, the licensee will be redirected to the Elavon payment site. He stated that Elavon is the vendor that will host the credit card information, which will greatly reduce the CBA's and DCA's liability and exposure to credit card data theft.

Mr. Hansen stated that as this is an interim solution, there will be no capability to upload or electronically send renewal applications through the credit card payment system. He stated that the CBA is discussing possible alternatives with regards to accepting the required renewal forms via email to assist licensees with a timely renewal process.

Mr. Hansen stated that there will be a 2.2 to 2.7 percent transaction fee for each renewal processed via the ICCAP. He stated that at a future meeting, staff will detail the fiscal impact of this transaction fee.

Mr. Hansen stated that in the coming months the CBA will be collaborating with DCA to begin mapping processes and identifying the CBAs specific requirements. He stated that staff will be developing an outreach plan to inform licensees of the ability to accept credit card payments.

Ms. Wright inquired if the CBA would be passing the transaction fee onto licensees or would the CBA absorb the transaction fees.

Jason Piccione, DCA Deputy Director, Office of Information Services, stated that the collection of transaction fees is a business decision and a legal authority question. He stated that it is a board-by-board decision depending what is stated in the board's regulatory statutes.

Ms. Wright inquired if the payment portal would be able to accept debit card payments.

Mr. Piccione stated that yes payment by debit card would be an option. He stated that the options for credit card acceptance would be determined through the contract development with the credit card company and the Master Service Agreement (MSA).

Ms. Molina Lopez inquired if Elavon is the only credit card portal that is being considered for credit card payments.

Mr. Piccione stated that there are a few other portals, but because Elavon credit card processor for two other platforms within DCA and 18 programs through DCA, the CBA would also utilize Elavon.

Mr. Jacobson inquired on what some of the pre-qualifying questions might be.

Mr. Piccione stated that some of the questions would be regarding any change of address or name change that the licensee might have had in the last 30 days or any other questions that might hold up the license renewal. He stated that these questions are designed to halt the on-line payment process if the licensee answers a question that might hold up the renewal and the licensee would be directed to contact the CBA directly.

Ms. Park inquired if there was going to be a transitional period for accepting on-line payments.

Mr. Hansen stated that the CBA will not transition to just accepting on-line payments. Licensees will have the option of submitting payment on-line or by check.

Mr. Piccione stated that CBA staff will be conducting an outreach campaign to let licensees know of the availability to submit payment on-line for their renewal.

Ms. Nicholson inquired if the licensee would also be able to submit their renewal application on-line or just their renewal payment.

Mr. Hansen stated that the licensee would still need to submit their renewal application through the mail.

Mr. Campos inquired on how many other boards are using Elavon platform for credit card payments.

Mr. Piccione stated that 18 other programs are utilizing Elavon as a credit card payment processor and are also on the BreEZe platform and five programs total utilized this model over the last ten years.

Mr. Campos inquired on what the testing plan would look like in order to implement this program.

Mr. Piccione stated that there would be four phases of implementation, which would include unit testing in the early phases of development, product testing, integration testing, and user acceptance testing.

Ms. Butu inquired if the CBA would be able to charge a separate fee for the credit card processing fee or if the CBA would charge a straight fee for license renewal and absorb the costs and would the system be able to calculate that fee.

Mr. Piccione stated that it is up to the CBA if they want to absorb the fee or pass the charge onto the licensee.

Mr. Savoy inquired if the CBA can make the decision regarding the processing fees or if the CBA would need other authority to make that decision.

Ms. Butu stated that under Business and Professions Code section 5134, regarding application fees, if it is permissible to absorb the cost of the processing fee by raising the licensing cost, if an agency is not at its statutory max or if the CBA would need additional authority.

Mr. Savoy inquired what the costs might be if the CBA absorbed the processing fees.

Ms. Pearce stated that she could provide estimates of the costs at the July CBA meeting.

Ms. Pearce stated that the CBA could absorb the cost for the time being, until something can be put into place to pass the processing fee along to the licensee to avoid any delays in the implementation of the credit card acceptance. She stated that when the license fee increase is implemented, the CBA will be at its statutory fee maximum.

Ms. Pearce stated that staff have reached out to DCA budgets to let them know that the credit card acceptance will be launched in November of 2018 and the CBA will be absorbing the processing fee for about six months and inquired if the CBA can seek additional funding to cover the additional credit card fees.

Ms. Hinds inquired if Elavon could collect the processing fee along with the renewal fee.

Ms. Butu stated that ultimately it is still the CBA charging the fee even though it is another agency collecting the fee and the CBA does not have the authority to do that.

Mr. Campos suggested that staff analyze the collection of credit card fees and provide a legal perspective of collecting the fees at a future meeting. He suggested that staff also research what other boards are doing regarding the credit card processing fees.

Ms. Salazar requested that staff provide additional information on how this would impact staffing and the internal workflow impact.

C. Update on the California Board of Accountancy's Communications and Outreach.

Mr. Bone stated that on April 17, President Savoy and staff spoke to approximately 40 students at Cal Poly, San Luis Obispo regarding getting started in the CPA profession and how to meet the examination, educational, and experience requirements for licensure.

Mr. Bone stated that staff recently participated in two consumer-oriented events. The first event was the California Senior Rally, which was organized by the Seniors Count Coalition. The second event was the California Financial Literacy Month Resource Fair, which is an annual event hosted by the California Department of Business Oversight.

Mr. Bone stated that later in May, staff will speak to students at the University of California, San Diego Extension Program about the requirements for licensure.

Ms. Wright stated that the Internal Revenue Service (IRS) and Franchise Tax Board (FTB) provide an open forum multiple times a year for preparers to submit questions. She inquired if the staff would consider an open forum for practitioners to submit questions in writing for staff to respond.

Mr. Bone stated that traditionally the CBA's outreach efforts have been focused on consumers as well as events held at college campuses that focus on applicants and future applicants. He stated that staff are open to new opportunities to speak to the public regarding the renewal process and other sorts of questions that stakeholders might have regarding CBA laws and regulations.

Ms. Bowers stated that in the past, the CBA has conducted webinars regarding internal processes. Ms. Bowers stated that staff can explore conducting additional live Facebook events and other events in the future.

V. Report on the Enforcement Advisory Committee, Qualifications Committee, and Peer Review Oversight Committee.

A. Enforcement Advisory Committee.

1. Report of the May 3, 2018, Enforcement Advisory Committee Meeting.

Mr. Rosenbaum reported that members reviewed two closed cases and held six investigative hearings.

B. Qualifications Committee.

There was no report on this agenda item.

C. Peer Review Oversight Committee.

1. Report of the May 11, 2018 Peer Review Oversight Committee Meeting.

Mr. De Lyser stated that the Peer Review Oversight Committee (PROC) discussed the AICPA Oversight Task Force's administrative oversight results of the AICPA National Peer Review Committee and the newly published AICPA Peer Review Program Annual Report, issued on April 11, 2018.

Mr. De Lyser stated that the PROC discussed a staff developed Peer Review Program survey that will help provide necessary information for the report on peer review that is due to the California Legislature by November 1, 2018.

Mr. De Lyser stated that the PROC discussed ways to improve its oversight procedures of out-of-state administering entities (AE) and the impacts that out-of-state AEs identified by AICPA as deficient have on the California mobility program.

2. Discussion and Possible Action Regarding the Process of the Development of the Proposed Framework to Monitor the California Peer Reviewer Population.

There was no report on this agenda item. This item was deferred to a future CBA meeting.

VI. Report of the Enforcement Chief.

A. Enforcement Activity Report.

Mr. Franzella provided an overview of this item.

Mr. Campos inquired if there was a change on the way staff are categorizing external and internal complaints.

Mr. Franzella stated that historically, complaints from governmental agencies were classified as internal complaints. It was decided that those complaints are really external complaints and should be classified as external.

Ms. Molina Lopez inquired on what probation orientation entailed.

Mr. Franzella stated that as part of every disciplinary order, there is a term and condition that states that the probationer should appear in person upon request at the onset of probation. At the orientation, staff guides the probationer through the various terms and conditions of probation.

VII. Report of the Licensing Chief.

A. Licensing Activity Report.

Ms. Sanchez provided an overview of this item.

Ms. Wright stated that there is a continuing decline in the amount of candidates that are sitting for the Uniform CPA Examination (CPA Exam). She requested that staff continue to look into the reason for the decline.

Ms. Sanchez stated that this is an on-going issue that NASBA and CalCPA have been researching to determine why there is an on-going decline and staff will continue its research, as well.

Ms. Salazar inquired about the outstanding audits and the compliance letters sent regarding the continuing education (CE) audit.

Ms. Sanchez stated that the outstanding audits are those in which staff are awaiting a response. She stated that once staff receive the licensee's certificates of completion in response to the audit, a compliance letter is sent.

Ms. Leon inquired if the decline in the amount of candidates sitting for the CPA exam is a statewide trend or a national trend.

Ms. Pearce stated that the decline is on a national level.

Ms. Hinds inquired on the extent that staff have looked into the survey that was conducted by the AICPA regarding individuals that have sat for one section of the CPA Exam, but did not complete the remaining sections.

Mr. Fox stated that CalCPA also noticed the decline in CPA Exam applicants and are in the process of coordinating outreach to determine the reasons for the decline.

Mr. Campos inquired on what the processing time frames are in the renewal area and if staff can add renewal processing time frames to the Licensing Activity Report (LAR).

Ms. Sanchez stated that moving forward, staff can add the license renewal timeframes to the LAR.

VIII. Petition Hearing.

A. John Zilei Zhong – Petition for Reinstatement of Surrendered Certificate Number 97729.

The CBA heard Mr. Zhong's petition for reinstatement of surrendered certificate.

IX. Closed Session: Pursuant to Government Code Section 11126(c)(3), the California Board of Accountancy will Convene into Closed Session to Deliberate on the Above Petition.

X. Report on the Legislative Committee and Committee on Professional Conduct.

A. Legislative Committee.

1. Report of the May 17, 2018, Legislative Committee Meeting.
2. California Board of Accountancy 2018 Legislative Tracking Chart.

This was a written report only.

3. Update, Discussion, and Possible Action on Legislation on Which the California Board of Accountancy Has Taken a Position.

a. Assembly Bill 767 – Master Business License Act.

Ms. León stated that AB 767 was amended to require that the business license center adopt and periodically update a master business license system to allow for the integration of additional licenses to its Internet-based platform. She stated that the bill was also amended to allow agency to deny or limit the ability of the business license center to establish an application for multiple licenses from an agency through the business license system.

Ms. León stated that the LC did not take any action on AB 767.

b. Assembly Bill 2087 – State Government Operations: Technology Modernization.

Ms. León stated that AB 2087 would require each state agency to establish modernization goals no later than January 1, 2019. She stated that AB 2087 has not been amended since the last CBA meeting.

Ms. León stated that the LC did not take any action on AB 2087.

- c. Assembly Bill 2138 – Licensing Boards: Denial of Application: Revocation or Suspension of Licensure: Criminal Conviction.

Mr. Franzella and Mr. Bone provided an overview of the revised version of the bill analysis of AB 2138 and suggested possible amendments to various areas of the bill for CBA members to take action.

Mr. Franzella stated that the CBA took a watch position on AB 2138 when the bill was first presented. He stated that when the bill first came out, it was dealing with denial of application for non-violent crimes and it was more of a spot bill in nature.

Mr. Franzella stated that as amended, AB 2138 would make significant changes to enforcement practices and processes for all boards within DCA. The changes would amend the following:

- When a board may deny, revoke, or suspend a license, especially as it relates to a criminal conviction;
- The length of time boards may impose for a period of probation;
- Recordkeeping and reporting for all denied applications and for all licenses disciplined as a result of a criminal conviction; and
- Establish a time period for boards to consider and render a decision on a petition to modify probation.

Mr. Franzella recommended the CBA:

- Change its position from Watch on AB 2138 to Oppose Unless Amended.
- Issue a letter outlining the provisions included in AB 2138 that the CBA opposes, either outright or unless amended, and those areas of the bill the CBA would consider supporting.
- Direct staff to work with the author's office to address the CBA's concerns.
- Direct staff to work with the CBA President to facilitate a special meeting, if needed, so that the CBA may reconsider its position on AB 2138 prior to the matter being heard and considered by the Senate Business, Professions and Economic Development (Senate B&P) Committee.

Mr. Savoy inquired if staff had heard from any other boards regarding their concerns on AB 2138.

Mr. Franzella stated that staff heard from other boards when staff met with the author's office and when staff attended a DCA roundtable regarding AB 2138. He stated that at the roundtable, numerous boards opposed AB 2138 outright.

Mr. Silverman inquired on why the CBA does not join the other boards and take an opposed position instead of an opposed unless amended position on AB 2138.

Mr. Franzella stated that it is easier to work with the authors of the bill if the CBA takes an opposed unless amended position on the bill and if there are areas of the bill that the CBA does support, the CBA should convey that to the authors.

Ms. Hinds stated that the CBA's mission is to protect the public and it does not appear that the authors of AB 2138 share the same goal. She suggested that the CBA identify the issues that are most pressing which include issues like how the CBA oversees their licensees, the CBA's due process efforts, and highlight the things that differentiates the CBA from some of the other boards that are opposing AB 2138.

Mr. Franzella requested that the CBA provide guidance on whether it believes the five-year washout period is sufficient when assessing criminal convictions as it applies to a license application, and if not, what period of time the CBA believes would be more appropriate.

Mr. Franzella stated that for certain violent crimes, the five-year washout period would not apply. He stated that a seven-year washout period is the general rule. He stated that while the CBA does, on limited occasions, receive applications with violent crimes, the majority of convictions evaluated relate to driving under the influence and personal drug use. Mr. Franzella stated that the CBA also evaluates matters that are more germane to the practice of public accountancy, including embezzlement, fraud, theft, and other financial-based criminal convictions.

Ms. Hinds would like staff to inquire with the authors of AB 2138 on how they determined the five-year washout period was sufficient and to look at other jurisdiction's washout periods.

It was moved by Mr. Jacobson and seconded by Ms. Hinds to request that AB 2138 be amended to include a seven-year washout period instead of a five-year period regarding criminal convictions.

Yes: Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: Ms. Berhow and Mr. Ou-Yang.

Mr. Franzella recommended that the CBA request that the authors of AB 2138 allow for certain financial-based non-violent crimes to not be subjected to the five-year washout period. He stated that should the authors not wish to expand the list of convictions not subject to the five-year washout period, the CBA should oppose this provision included in AB 2138.

Ms. Robinson stated that other than being concerned about the financial-based crimes, she is also concerned about crimes that would cause mental impairment and how could we include this into the bill.

Mr. Franzella stated that one of the genesis for this is that there has been a kind of cultural shift in California related to non-violent crimes. He stated that an example of this is the passing of proposition 57, parole for non-violent criminals, and proposition 64, the legalization of recreational marijuana.

It was moved by Mr. Jacobson and seconded by Ms. Salazar to request that financial-based non-violent crimes not be subject to a washout period.

Yes: Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Park, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: Ms. Robinson.

Abstain: None.

Absent: Ms. Berhow and Mr. Ou-Yang

Mr. Franzella stated that as drafted, it appears that the five-year washout period would apply during any period of confinement. He stated that there was a case where the California Supreme Court found that since persons under direct supervision of correctional authorities are required to behave in an exemplary matter, little weight was placed on the fact

that the applicant for licensure did not commit additional crimes while in prison or while on parole. He stated that since there is an expectation that you are going to be on your best behavior, it is not a good indicator whether someone is going to reoffend.

Mr. Franzella recommended that the CBA request that the authors provide clarity on whether periods of confinement are applicable when evaluating the five-year washout period, and whether a modification is appropriate so that the five-year washout period would not include any period of confinement.

It was moved by Ms. Hinds and seconded by Ms. Robinson to request that the washout period not commence until the period of confinement has ended.

Yes: Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Park, Ms. Robinson, Mr. Savoy, and Mr. Silverman.

No: Ms. Salazar and Ms. Wright.

Abstain: None.

Absent: Ms. Berhow and Mr. Ou-Yang

Mr. Franzella stated that presently applicants are required to disclose any criminal convictions on the criminal conviction disclosure form. He stated that one of the significant amendments in AB 2138 is that a board shall no longer require an applicant to disclose any information or documentation regarding the applicant's criminal history. He stated that a board would only be allowed to request the information on a voluntary basis.

Mr. Franzella stated that there are occasions where conviction information is disclosed by the applicant, but does not appear on the Department of Justice (DOJ) criminal offender record information (CORI). He stated that this occurs often with out-of-state convictions. He stated AB 2138 would solely rely on the DOJ's CORI report for criminal convictions.

Mr. Franzella recommended that the CBA oppose this provision in the bill as it could jeopardize the CBA's consumer protection mandate.

Ms. Wright inquired on what prevents private industry from inquiring about an applicant's criminal history.

Mr. Franzella stated that there are statutes in place that prevent private employers from asking those types of questions.

Ms. Wright inquired on why “Ban the Box” was enacted on AB 2138.

Mr. Franzella stated that he believes the idea behind it is that there is a predisposition to someone that has a criminal conviction and if employers know that at the onset, then the employer is less likely to want to interview the individual.

Ms. Salazar inquired if the bill would work with a washout period and would that mean that no inquiries could be made regarding criminal convictions.

Mr. Franzella stated that the CBA utilizes two mechanisms to make sure the board is receiving the applicants full criminal conviction history. He stated that AB 2138 would limit this information to just the CORI information and not the applicants self-reporting.

It was moved by Ms. Hinds and seconded by Ms. Wright to request the authors of the bill remove the language in AB 2138 that prohibits a board from requiring an applicant to self-report their criminal history.

Yes: Mr. Campos, Mr. Famalett, Ms. Hinds, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: Mr. Jacobson.

Abstain: None.

Absent: Ms. Berhow and Mr. Ou-Yang.

Mr. Franzella stated that an instance could arise where the CBA would need to request and require documentation under BPC section 480(c), but be restricted from requiring the applicant to provide under BPC section 480(f)(1). He suggested that the CBA request that the authors provide clarity to these two conflicting subsections.

Mr. Franzella stated that another significant amendment in AB 2138 is related to the narrow discretion to deny an application. He stated that AB 2138 would eliminate various provisions that presently allow the CBA to deny an application involving dishonesty, fraud, or deceit with the intent to substantially benefit oneself, or injuring someone else or any act that if done by a licensee would be grounds for suspension or revocation of the license. He stated that the CBA would no longer be permitted to

deny an application for licensure to an applicant who was disciplined or sanctioned by another governmental agency. He stated an applicant that may have participated in insider trading, securities fraud, or filing false or misleading information, would not be subject to denial by the CBA. He stated that the reason for this amendment to AB 2138 is the sponsors of the bill believe that there is a lack of due process in these matters when an investigation takes place in the board's office and the individual is not afforded due process, similar to what they are afforded in criminal cases.

Mr. Franzella stated that he believes there is a clarity issue as to what due process is afforded to the applicant. He stated if the CBA denies an applicant, the applicant wishes to appeal the denial, they are afforded the opportunity to request discovery and have a hearing.

Mr. Franzella stated that significant consumer harm may be present when an applicant has been disciplined by a governmental agency or when an applicant has been found to have committed acts of dishonesty, fraud, or deceit, and that due process is afforded. Staff recommend the CBA oppose the provisions in the bill that narrows the ability of a board to deny licensure.

It was moved by Ms. Salazar and seconded by Ms. León to request the authors of the bill delete language in the bill that prohibits boards from denying licensure based on acts of dishonesty, fraud, or deceit, or when disciplined by a governmental agency.

Yes: Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: Ms. Berhow and Mr. Ou-Yang.

Mr. Franzella stated that AB 2138 would institute procedures for denying an application for licensure within BPC code section 485, which provides procedures for denying an application for licensure and appears to address many of the requirements outlined in the proposed amendments. He stated the bill notes that the procedure for denying an application for licensure includes the disqualification of licensure. He stated that this term is not found in the preceding sections and is not something authorized by BPC section 480.

Mr. Franzella recommended that the CBA request that if the authors of the bill intend to replace the procedures outlined in BPC section 485, with those found in the amended version of BPC 480, they provide the reasons why the procedures in BPC 485 are insufficient to inform an applicant of his/her right to due process. He also suggested the authors provide a definition of what they mean by disqualification of licensure as this is not defined and not authorized as amended in BPC section 480.

Mr. Franzella stated that there are two areas of concern with AB 2138 regarding data collection and reporting. He stated that AB 2138 would require the CBA to retain specified documents for a minimum of three years. He stated that the only area this policy would impact would be the retention of CORI information. He stated that presently, these documents are immediately destroyed if staff determine that the contents will not lead to a denial or discipline of a license.

Mr. Franzella stated that aside from needing to develop tracking mechanisms to ensure all items identified for reporting are properly captured and adding a new section to the CBA website, there is little impact to the CBA related to data collection and reporting. He stated that this further increases transparency to stakeholders and the public and recommends the CBA support this.

It was moved by Ms. Hinds and seconded by Mr. Jacobson to support the data collection provisions within SB 2138 and make the authors aware of the CBA support of these provisions.

Yes: Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: Ms. Berhow and Mr. Ou-Yang.

Mr. Franzella stated that section 3 of AB 2138 is the area of the bill that deals with the change in terminology for substantially related to the qualifications, functions or duties of the business or profession it regulates. He stated that in initial discussions with the author's office, the intent is not to affect the substantial relationship test. He stated that they believe it provides clarity to the process.

Mr. Franzella stated that the way the proposed amendment reads it creates a two-prong process for the board to go through and identify

whether or not it is directly and adversely related to the qualifications, functions, or duties of the business or profession it regulates.

Mr. Franzella stated that staff's primary area of concern with this is that the bill would take effect January 1, 2019 and the CBA would need to have criteria in place on or before the effective date to deny, suspend, or revoke a license.

Mr. Franzella recommended that the CBA oppose these provisions of AB 2138, unless emergency rulemaking authority is expressly provided for in the statute. He stated that the CBA could also request a delayed effective date of AB 2138, to develop regulations.

Ms. Hinds inquired on how this provision in AB 2138 would impact the CBA over the next few years.

Ms. Butu stated that this provision would create a lot of rulemakings and increases staff's workload.

Mr. Franzella stated that depending on the outcome of AB 2138 its possible the author's office will be addressing this issue.

It was moved by Mr. Jacobson and seconded by Ms. Hinds to request emergency rulemaking authority, or a delayed effective date of AB 2138, to develop regulations.

Yes: Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: Ms. Berhow and Mr. Ou-Yang.

Mr. Franzella stated that BPC section 481.5 is a new section being added to the BPC. He stated that there are multiple policies within this section that will substantially impact the CBA, including modifications to the probationary and restriction periods for applicants and licensees, and timing associated with considering and either granting or denying a petition to modify or terminate probation. He stated that the bill would limit the probation time to no more than two years and that is a significant deviation from what the CBA currently has in place.

Mr. Franzella stated that there is nothing in the fact sheet or the analysis that indicates why the probationary period would need to be shortened. He stated that the bill would also limit the time a restriction can be placed on a license to no more than two years. He stated that in the interest of consumer protection, absent the ability to effectively monitor an individual for a sufficient period of time or permanently restrict an individual's area or service of practice, boards may simply order revocation.

Mr. Franzella recommended the CBA oppose these provisions of AB 2138 unless the authors amend the bill to provide a board the authority to adopt, through the rulemaking process, periods of probation longer than two years, and eliminate the two-year restriction period.

It was moved by Mr. Jacobson and seconded by Ms. Robinson to request the authors of AB 2138 delete any restrictions to a board's ability to impose probation and practice restrictions.

Yes: Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: Ms. Berhow and Mr. Ou-Yang.

Mr. Franzella stated that AB 2138 would allow a board to only impose additional conditions on a license if a board determines that there is clear and convincing evidence that additional conditions are necessary to address a risk shown by clear and convincing evidence. He stated that this portion of AB 2138 will probably have the most significant impact to costs and has timing elements.

Mr. Franzella recommended that the CBA request that the authors of AB 2138 provide increased clarity of what policy is being sought so that the CBA can effectively analyze the impact.

Mr. Franzella stated that AB 2138 would allow for an individual to petition the board within one year of discipline or restricted license. He stated that this is consistent with the current CBA process, but AB 2138 would require a decision to be made within 90 days of the submission of the petition. He stated that it is unclear when the 90-day period would begin, specifically is it when the licensee submits the petition to the CBA or after a hearing is closed. He stated that if it is 90 days from when the

CBA receives the petition, it would have a significant impact on operations. He stated that there is nothing in the Administrative Procedures Act (APA) that states how quickly the Administrative Law Judge has to prepare these types of decisions. He stated that given the CBA meet every other month, that would put the petition at the 90-day time limit. If you do not deny or grant a petition in that period of time, it is granted by operation of law.

Mr. Franzella recommended that the CBA request the author to clarify what is meant by "submission of the petition". He stated that if its defined as the date of original petition application by the individual, staff recommend the CBA oppose as it would potentially have a cost impact on the individual and the CBA.

Mr. Savoy stated that the CBA would need clarification regarding this section of AB 2138.

Ms. Butu stated inquired if the CBA would be ok with 90 days from the day a person submits a petition. She stated that even without the protection of knowing that the ALJ has to give the CBA the draft of the decision within 30 days, there is no statute requiring the ALJ to submit a draft decision within 30 days.

Mr. Franzella stated that from the fiscal impact, 90 days from submission is more reasonable, but it is still concerning.

Mr. Franzella stated that BPC section 482 would be redefining the rehabilitation criteria that the CBA currently uses. He stated that the present rehabilitation criteria provide that a board shall take into account all competent evidence of rehabilitation furnished by the individual.

Mr. Franzella stated that under the proposed amendments, the CBA would lose its ability to assess and weigh the rehabilitation presented by an individual, as the law would now require that the CBA consider any of the identified rehabilitation criteria met as a finding of fact. He stated that if an individual were to satisfy the criteria, a box would be checked and a finding of rehabilitation would be determined. He stated that when a showing of rehabilitation, such as that being contemplated in AB 2138, is determined, it would be almost insurmountable to bring action to deny or revoke a license regardless of the severity of the underlying conduct.

Mr. Franzella recommended that the CBA outright oppose this portion of AB 2138, irrespective of any other amendments or modifications.

It was moved by Ms. Hinds and seconded by Mr. Jacobson that the authors of AB 2138 remove language in AB 2138 related to the changes in the rehabilitation criteria.

Yes: Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Nicholson, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: Ms. Berhow, Ms. Molina Lopez and Mr. Ou-Yang.

Mr. Franzella stated that AB 2138 would eliminate BPC section 490.5, which is the ability to deny, revoke, or suspend a license for an individual who is not in compliance with a child support order or judgment.

Mr. Franzella stated that while it's not a widely used provision, the CBA does suspend a license under BPC 490.5. Suspensions under BPC 490.5 are coordinated by DCA for all boards.

Mr. Franzella recommended that the CBA request the authors provide clarity on how a license already suspended under this provision is impacted by the deletion of BPC section 490.5.

Mr. Franzella stated that currently, BPC section 492 extends only to the healing art-related boards. He stated that the proposed amendments to AB 2138 would extend BPC 492 to any board within DCA and successful completion of any diversion programs would be taken into consideration. He stated that a diversion program generally falls under healing arts programs.

Mr. Franzella recommended the CBA oppose the provision of the bill that would prohibit a board from taking disciplinary action against a licensee or denying an application for licensure based on his or her successful completion of a nonstatutory diversion program. He stated that there is no oversight in a nonstatutory diversion program.

Mr. Franzella stated that the proposed amendments to AB 2138 would eliminate a board's ability to evaluate the underlying circumstances to assess whether something is related to the qualifications, functions, and duties of a profession.

Mr. Franzella recommended the CBA oppose the amendment to this section that would remove a board's ability to evaluate the underlying circumstances surrounding the criminal conviction.

It was moved by Ms. Salazar and seconded by Ms. Hinds to request the authors of AB 2138 delete language that removes a board's

ability to evaluate underlying circumstances surrounding a criminal conviction.

Yes: Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: Ms. Berhow and Mr. Ou-Yang.

Mr. Franzella recommended that the CBA take an oppose unless amended position on AB 2138, adopt the position letter outlining our proposed amendments and concerns, and direct staff to work with the author's office to facilitate a special meeting with the CBA president, staff and the author's office, if needed.

Ms. Wright inquired if staff would consider working with other boards in formulating a position on AB 2138.

Mr. Franzella stated that staff will work with other boards on letting them know what our position is regarding AB 2138, but the CBA treats legislation on how it affects the CBA and not other boards. He stated that most boards outright oppose AB 2138 and the CBA being willing to work with the author's office will be more favorable.

It was moved by Mr. Jacobson and seconded by Ms. Hinds to:

- **Change the CBA Watch position on AB 2138 to Oppose Unless Amended.**
- **Adopt a position letter outlining the provisions included in AB 2138 that the CBA opposes, either outright or unless amended, and those areas of the bill the CBA would consider supporting.**
- **Direct staff to work with the authors' offices to address the CBA's concerns.**
- **Direct staff to work with the CBA President to facilitate a special meeting, if needed, after staff's discussions with the authors' office, so that the CBA may reconsider its position on AB 2138 prior to the matter being heard and considered by the Senate Business, Professions and Economic Development Committee.**

Yes: Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson,

**Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Park,
Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and
Ms. Wright.**

No: None.

Abstain: None.

Absent: Ms. Berhow and Mr. Ou-Yang.

- d. Assembly Bill 2483 – Indemnification of Public Officers and Employees: Antitrust Awards.

Ms. León stated that AB 2483 was amended and now relates to the indemnification of public officers and employees. She stated that currently, AB 2483 would require a public entity to pay a judgment or settlement for treble damage antitrust awards against a member of a regulatory board within DCA for an act or omission occurring within the scope of the member's official capacity as a member of that regulatory board.

The LC recommended that the CBA change its Oppose position to a Support position.

**Yes: Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson,
Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Park, Ms. Salazar,
Mr. Savoy, Mr. Silverman, and Ms. Wright.**

No: None.

Abstain: None.

Absent: Ms. Berhow, Mr. Ou-Yang, and Ms. Robinson.

- e. Assembly Bill 2958 – State Bodies: Meetings: Teleconference.

Ms. León stated that AB 2958 was amended to add a section to the Government Code establishing certain requirements for teleconference meetings held by state advisory boards that are created by formal action of a state body. She stated that this version of the bill does not apply to the CBA's statutory committees because the CBA advisory committees are established by the Legislature.

Ms. León stated that the LC did not take any action on AB 2958.

- f. Senate Bill 715 – Department of Consumer Affairs: Regulatory Boards: Removal of Board Members.

Ms. León stated that SB 715 would grant the Governor the power to remove any member of a board appointed by the Governor within DCA. She stated that SB 715 has not been amended since the last CBA meeting.

Ms. León stated that the LC did not take any action on SB 715.

Ms. Molina Lopez inquired why the status on this bill is inactive.

Mr. Bone stated that bills can be parked on the Senate or Assembly floor in an inactive status while they await further consideration. He stated that in this case, SB 715 was approved by the Senate and approved through the Assembly and it is now awaiting approval on the Assembly floor.

g. Senate Bill 795 – Accountancy: Practice Privileges.

Ms. León stated that SB 795, which would extend by one year, the current January 1, 2019 repeal date for the CBA's no-notice, no-fee, mobility program, has not been amended since the last CBA meeting.

Ms. León stated that staff recently received proposed amendments from the sponsors of the bill and are still in the process of reviewing them. She stated that once SB 795 is amended and in-line with the CBA's position letter, the CBA's position will automatically change to Support.

Ms. León stated that the LC did not take any action on SB 795.

h. Senate Bill 921 – State Agencies: Internet Web Site: Disclosure of Financial Information.

Ms. León stated that SB 921 missed a legislative deadline and will not move forward.

The LC recommended that the CBA discontinue following SB 921.

Yes: Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: Ms. Berhow, Mr. Ou-Yang, and Ms. Park.

- i. Senate Bill 984 – State Board and Commissions: Representation: Women.

Ms. León stated that SB 984 was amended to add a section to the Government Code to require that the composition of state boards and commissions be, at a minimum, 50 percent women. She stated that following the LC meeting, staff identified that the bill would impose a requirement that the boards be comprised of at least 40 percent women.

Ms. León stated that since this does not affect the current and previous composition of the CBA, the LC maintained its Watch position on SB 984.

Ms. León stated that the LC did not take any action on SB 984.

- j. Senate Bill 993 – Sales Tax: Services.

Ms. León stated that SB 993 was amended and would impose a sales tax on the purchase of services.

Ms. León stated that the LC did not take any action on SB 993.

- k. Senate Bill 1121 – Personal Information.

Ms. León stated that SB 1121 was amended and would authorize a consumer whose personal information has been, or is reasonably believed to have been breached, to institute a civil action to recover damages not less than \$200 and not greater than \$1,000 per incident.

Ms. León stated that the LC did not take any action on SB 1121.

- l. Senate Bill 1159 – Accountancy: Inactive License.

Ms. León stated that SB 1159 would exempt CPAs who are current members of the Legislature or Congress, from the requirement to place the term “inactive” after his or her CPA designation if renewing in an inactive status. She stated that SB 1159 has not been amended since the last CBA meeting.

Ms. León stated that the LC did not take any action on SB 1159.

- m. Senate Bill 1371 – Occupational Licensing: List.

Ms. León stated that SB 1371 missed a legislative deadline and will not move forward.

The LC recommended that the CBA discontinue following SB 1371.

Yes: Mr. Campos, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: Ms. Berhow and Mr. Ou-Yang.

- n. Senate Bill 1492 – The Department of Consumer Affairs.

Ms. León stated that SB 1492 is the CBA's omnibus bill and staff suggested that the LC maintain its Support position.

Ms. León stated that the LC did not take any action on SB 1492.

- 4. Consideration of Positions on Legislation.

- a. Senate Bill 1244 – Public Records: Disclosure.

Ms. León stated that SB 1244, which relates to the California Public Records Act, was amended to replace the term “plaintiff” with the term “requester” in certain provision.

The LC recommended that the CBA take a Watch position on SB 1244.

Yes: Mr. Campos, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: Ms. Berhow and Mr. Ou-Yang.

- 5. Update on Legislation the California Board of Accountancy is Monitoring.

- a. Assembly Bill 827 – Department of Consumer Affairs: Task Force: Foreign-Trained Professionals.

- b. Assembly Bill 1659 – Healing Arts Boards: Inactive Licenses.

- c. Assembly Bill 1793 – Cannabis Convictions: Resentencing.
- d. Assembly Bill 2069 – Medicinal Cannabis: Employment Discrimination.
- e. Assembly Bill 2264 – Professions and Vocations: Fees.
- f. Assembly Bill 3183 – Consumers.
- g. Senate Bill 244 – Privacy: Agencies: Personal Information.
- h. Senate Bill 1137 – Veterans: Professional Licensing Benefits.
- i. Senate Bill 1258 – Department of Consumer Affairs.

This was a written report only.

- 6. Legislative Items for Future Meeting. The California Board of Accountancy may discuss other items of legislation in sufficient detail to determine whether such items should be on a future Legislative Committee meeting agenda and/or whether to hold a special meeting of the Legislative Committee to discuss such items pursuant to Government Code section 11125.4.

There was no report on this agenda item.

B. Committee on Professional Conduct.

- 1. Report of the May 17, 2018, Committee on Professional Conduct Meeting.
- 2. Discussion Regarding Whether to Allow Continuing Education Credit for Licensees Serving on the California Board of Accountancy Advisory Committees.

Ms. Robinson stated that the purpose of this agenda item was to provide an opportunity to discuss allowing continuing education (CE) credit for licensees serving on the CBA's advisory committees, which include the Qualifications Committee, the Enforcement Advisory Committee, and the Peer Review Oversight Committee.

Ms. Robinson stated that the topic of allowing CE credit for licensees serving on CBA advisory committees had been discussed by the CBA at the November 2017 CBA meeting and staff stated that the committee activities did not qualify as acceptable CE under the current CBA regulations.

The CPC recommended that the CBA direct staff to develop regulations to allow continuing education credit for licensees serving on CBA advisory committees.

Yes: Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. Nicholson, and Ms. Park.

No: Mr. Campos, Ms. León, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

Abstain: Ms. Molina Lopez.

Absent: Ms. Berhow and Mr. Ou-Yang.

XI. Meeting Minutes.

- A. Adoption of the Minutes of the March 22-23, 2018, California Board of Accountancy Meeting.**

It was moved by Mr. Campos and seconded by Mr. Famalett to approve agenda item XI.A., with the addition of Mr. Jacobson's suggestion that he conduct a presentation on what is substantially related to the practice of public accountancy at a future California Board of Accountancy meeting.

Yes: Mr. Campos, Mr. Famalett, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: Ms. Hinds, Ms. Park, Ms. Robinson, and Ms. Salazar.

Absent: Ms. Berhow and Mr. Ou-Yang.

- B. Acceptance of the Minutes of the March 22, 2018, Legislative Committee Meeting.**
- C. Acceptance of the Minutes of the March 22, 2018, Committee on Professional Conduct Meeting.**
- D. Acceptance of the Minutes of the February 9, 2018, Peer Review Oversight Committee Meeting.**
- E. Acceptance of the Minutes of the February 1, 2018, Enforcement Advisory Committee Meeting.**

It was moved by Mr. Campos and seconded by Mr. Jacobson to accept agenda items XI.B. through XI.E.

Yes: Mr. Campos, Mr. Famalett, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Savoy, Mr. Silverman, and

Ms. Wright.

No: None.

Abstain: Ms. Hinds, Ms. Park, Ms. Robinson, and Ms. Salazar.

Absent: Ms. Berhow and Mr. Ou-Yang.

XII. Other Business.

A. American Institute of Certified Public Accountants.

1. Report on Meetings of the American Institute of Certified Public Accountants Attended by a California Board of Accountancy Representative.

There was no report on this agenda item.

B. National Association of State Boards of Accountancy.

1. Report of the National Association of State Boards of Accountancy Pacific Regional Director.

- a. Report of the April 26-27, 2018, Board of Directors Meeting.

Ms. Salazar reported that she attended the April Board of Directors meeting via telephone. She stated that there continues to be a movement by NASBA on Mutual Recognition Agreements and how different countries and NASBA are recognizing the right to cross international borders. She stated that there was approval with Scotland and one with Australia.

Ms. Salazar stated that the NASBA Western Regional meeting will be taking place in June at Olympic Valley, California. She stated that it would be beneficial for members to attend and new board members have an opportunity to attend an orientation. She stated that some of the topics that will be covered at the meeting include use of confusing titles. She stated that there will be discussion of rebranding that happened in 2017 between the American Institute of Certified Public Accountants and the Association of International Certified Public Accountants, which use the same designation of AICPA.

2. Report on Meetings of the National Association of State Boards of Accountancy Attended by a California Board of Accountancy Member or Staff.

- a. Bylaws Committee.

Ms. Salazar stated that the Bylaws Committee has a meeting coming up. She stated that any items accepted by the full board will be presented at the annual meeting in October.

b. Enforcement Resources Committee.

Ms. Salazar stated that the Enforcement Resources Committee met on May 15, 2018. She stated that the committee discussed integration projects, Preparer Tax Identification Numbers (PTIN) from the IRS and the Accountancy Licensee Database (ALD) from NASBA and being able to cross-reference data.

Ms. Salazar stated that NASBA is working on creating a board member boot camp where board members will be able to attend programs to help bring them up to speed and compliment the training they are receiving from their departments. She stated that there is also a call for a pool of investigators and expert witnesses to work with the NASBA boards and will be available for the various jurisdictions that have questions and are in need of an investigator.

c. Strategic Planning Task Force.

There was no report on this agenda item.

d. Continuing Professional Education Committee.

There was not report on this agenda item.

XIII. Closing Business.

A. Public Comments.

There were no public comments.

B. Agenda Items for Future California Board of Accountancy Meetings.

Ms. Wright requested staff explain the CBA's provisions regarding contingent fees compared to the IRS and the AICPA's positions regarding contingent fees, which are different from the CBA's position.

XIV. Closed Session: Pursuant to Government Code Section 11126(c)(3), the California Board of Accountancy Will Convene Into Closed Session to Deliberate on Disciplinary Matters.

XV. Closed Session: Pursuant to Government Code Section 11126(e), the California Board of Accountancy Will Meet in Closed Session to Receive Advice From Legal

Counsel on Litigation (*David Greenberg v. California Board of Accountancy*, Los Angeles County Superior Court, Case No. BS155045).

- XVI. Closed Session: Pursuant to Government Code Section 11126(e), the California Board of Accountancy Will Meet in Closed Session to Receive Advice From Legal Counsel on Litigation (*Michael D. Wiltfong v. California Board of Accountancy*, United States District Court for the Western District of Texas, El Paso Division, Case No. EP-17-CV-0355-PRM).

Adjournment.

President Savoy adjourned the meeting at 4:59 p.m. on Thursday, May 17, 2018.

Michael M. Savoy, CPA, President

Mark J. Silverman, Esq., Secretary/
Treasurer

Rebecca Reed, Board Relations Analyst, and Patti Bowers, Executive Officer, CBA, prepared the CBA meeting minutes. If you have any questions, please call (916) 561-1718.